

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 NEA-09 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

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FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 1823

INFO USMISSION EC BRUSSELS

AMEMBASSY DAKAR

USMISSION USUN NEW YORK

AMEMBASSY ALGIERS

USMISSION GENEVA

AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 0405

E.O. 11652: N/A

TAGS: ETRD, GATT, OVIP, YO

SUBJECT: YUGOSLAV PREPARATIONS FOR LDC CONFERENCE ON

RAW MATERIALS IN DAKAR

REF: STATE 243648, 11/6/74V BELGRADE 6441, 12/27/74

1. SUMMARY: ACCORDING TO ASSISTANT FOREIGN TRADE
SECRETARY ZIBERNA YUGOSLAVS WILL WORK AT DAKAR CONFERENCE
FOR AGREEMENT IN PRINCIPLE ON CONCEPT OF LONG-TERM
PRODUCER-CONSUMER ARRANGEMENTS COVERING IMPORTANT BASIC
COMMODITIES. COOPERATIVELY FINANCED STOCKPILING SCHEME
WOULD, INTER ALIA, PROVIDE FUNDING SUPPORT FOR COMMODI-
TIES SUFFERING FROM WEAK DEMAND OUT OF EARNINGS FROM
COMMODITIES, IN STRONG DEMAND. YUGOSLAVS INTERESTED
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IN EARLY DISCUSSION OF RESULTS OF DAKAR CONFERENCE AND

PREPARATIONS FOR MTNS WITH SENIOR US TRADE OFFICIAL.
END SUMMARY.

2. ASSISTANT FOREIGN TRADE SECRETARY MILICA ZIBERNA TOLD ECONOMIC-COMMERCIAL COUNSELOR THAT PRINCIPAL YUGOSLAV OBJECTIVE AT DAKAR CONFERENCE OF GROUP OF 77 AND OTHER LDC'S FEBRUARY 3 TO 8 WILL BE TO ACHIEVE AGREEMENT IN PRINCIPLE ON CONCEPT FOR STABILIZATION OF MARKETS FOR PRINCIPAL INTERNATIONAL COMMODITIES.

3. CONCEPT WOULD BE DESIGNED TO PROVIDE ASSURED MINIMUM LONG-TERM INCOME FOR BASIC COMMODITY PRODUCERS, AND ASSURED ACCESS TO ADEQUATE QUANTITIES AT FAIR PRICE FOR CONSUMERS.

4. YUGOSLAVS WILL ADVOCATE AT DAKAR NEW INTERNATIONAL PRODUCER-CONSUMER AGREEMENTS COVERING IMPORTANT COMMODITIES, MRS. ZIBERNA STATED. AGREEMENTS WOULD BE FREELY NEGOTIATED IN SPIRIT OF COOPERATION--NOT COERCION--AND IN WAY TO MEET CONCERNS AND INTERESTS OF BOTH SIDES. THEY WOULD NOT BE BASED ON WORLD MARKET PRICES, BUT ON "PRICES ADJUSTED SO AS TO SECURE ECONOMIC AND HUMAN DEVELOPMENT OF PRODUCER COUNTRIES."

5. IMPORTANT CONTRIBUTION TO LONG-TERM STABILITY WOULD BE "BUFFER STOCKS" OF INDIVIDUAL COMMODITIES, FINANCED THROUGH MUTUAL COOPERATION OF ALL DEVELOPING COUNTRIES AND THROUGH CONSUMER CONTRIBUTIONS AS WELL. PROTECTION FROM PRICE CHANGES WHICH BUFFER STOCKS AFFORD WOULD BE ENHANCED BY SCHEME UNDER WHICH LINKAGE WOULD EXIST BETWEEN BUFFER STOCKS, IN OTHER WORDS, PRODUCERS OF STOCKS COMMANDING HIGH PRICES AND DEMAND ON INTERNATIONAL MARKETS WOULD CHANNEL PART OF RETURNS FROM STOCK SALES TO PRODUCERS OF OTHER MATERIALS WHICH MIGHT AT SAME TIME BE IN OVER-SUPPLY CRISIS.

6. GOY CONSIDERS IT OF KEY IMPORTANCE THAT CONCEPT BE ACCEPTABLE TO USG AND NOT INCONSISTENT WITH PROVISIONS OF U.S. TRADE ACT OF 1974, MRS. ZIBERNA EMPHASIZED, AND SHE EXPRESSED HOPE OF BEING ABLE TO REVIEW EXACT TEXT LIMITED OFFICIAL USE

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OF TRADE ACT PRIOR TO START OF DAKAR MEETING. (WE ARE REPRODUCING FOR HER SOLE COPY OF ACT JUST RECEIVED BY EMBASSY THROUGH USIS CHANNELS.)

7. ECONOMIC COUNSELOR EXPLAINED THAT TRADE ACT PROVISIONS CONCERNING ELIGIBILITY FOR GENERALIZED PREFERENCES NOT DIRECTED AGAINST PRODUCER-CONSUMER ARRANGEMENTS PER SE, BUT AGAINST UNILATERAL ARRANGEMENTS TO WITHHOLD SUPPLIES,

RAISE PRICES TO UNREASONABLE LEVELS, AND CAUSE DISRUPTIONS. HE ADDED THAT U.S. WILL SUPPORT MEASURES DESIGNED TO ATTAIN STABLE, EQUITABLE AND REMUNERATIVE PRICES FOR PRIMARY PRODUCTS (STATE 279785). HE POINTED OUT, HOWEVER, THAT BUFFER STOCK SCHEMES HAVE SOMETIMES PRODUCED EFFECTS OPPOSITE TO THOSE INTENDED, INCLUDING FURTHER DEPRESSION OF PRICES; ARE NOT PRACTICAL FOR ALL COMMODITIES; AND WOULD APPEAR DIFFICULT TO NEGOTIATE, PARTICULARLY WITH A TIE-IN AMONG A NUMBER OF PRODUCTS.

8. MRS. ZIBERNA AGREED, AND REITERATED THAT YUGOSLAV AIM AT DAKAR WOULD BE EXPLORATION AND CONSENSUS ON BASIC PRINCIPLE.

9. MRS. ZIBERNA RENEWED INVITATION FOR SENIOR U.S. OFFICIAL CONCERNED WITH MTNS TO VISIT BELGRADE AS SOON AS POSSIBLE, FOR BRIEFING ON RESULTS OF DAKAR MEETING, AND COMPARISON AND COORDINATION OF U.S. AND YUGOSLAV POSITIONS FOR WORLD TRADE NEGOTIATIONS AND POSSIBLE ADDITIONAL PRODUCER-CONSUMER MEETINGS.

10. ACTION REQUESTED: DEPARTMENT ADVISED US IN STATE 210068 THAT DEPUTY SPECIAL TRADE REPRESENTATIVE MALMGREN PLANNING TO VISIT YUGOSLAVIA IN RESPONSE TO INVITATION BY ASSISTANT SECRETARY ZIBERNA. PLEASE ADVISE WHEN VISIT BY MALMGREN OR OTHER SENIOR OFFICIAL CAN BE ARRANGED.
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